

## Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 NEA-10 ISO-00 OES-07 COME-00 ABF-01  
AID-05 SS-15 NSC-05 L-03 H-01 CIAE-00 INR-07  
NSAE-00 FS-01 EB-07 PA-01 PRS-01 USIA-06 /083 R

DRAFTED BY TREAS:OASIA/ODNF:JGORLIN;TREAS:OGC:RGOODMAN

APPROVED BY OES/APT/BMP:JCFRY

TREAS:OASIA/ODNF:FMARESCA

TREAS:OASIA/ODNF:RPELIKAN

TREAS:OGC:RMUNK

TREAS:GFO/ACC:SCOMINGS

TREAS:GFO/DFMI:WJORDAN

TREAS:GFO/DFMI:JTURNER

TREAS:GFO/DOD/CDO:JABBOTT

COMMERCE:GCHADWICK

TREAS:GFO/DOD/CDO:LBRUNSON

TREAS:FCS/BCM:IKESSER

TREAS:FCS/BCM:DSKILES

TREAS:OS:OBAA:AKALEN

TREAS:OS:OBPA:WHEFFELFINGER

STATE:OES/APT/BMP:ACHAPMAN

STATE:NEA/IAI:MANDERSON

STATE:A/BF/FC:RWHITENER

AID/SER/FM/LD:ASMITH

AID:SER/FM/LD:DDILL

AID:NE/ME:JHOLTAWAY

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P 042235Z MAY 77

FM SECSTATE WASHDC

TO AMEMBASSY TEL AVIV PRIORITY

AMEMBASSY PARIS PRIORITY

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E.O. 11652: N/A

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TAGS: OSCI IS, TECH, AFIN

SUBJECT: U.S. CONTRIBUTION TO ISRAEL-U.S. BINATIONAL  
INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION

TEL AVIV, PASS SCIENCE ATTACHE AND ECONOMIC COUNSELOR; PARIS

(FOR RFC)

SUMMARY: WITH THE PRESIDENT'S SIGNING OF THE SUPPLEMENTAL APPROPRIATIONS ACT, 1977 (PL 95-26 ) ON MAY 4, 1977, THE USG CAN NOW TAKE THE NECESSARY STEPS TOWARD MAKING ITS CONTRIBUTION TO AND ESTABLISHING THE ISRAEL-UNITED STATES BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION (BIRD). WE INTEND TO LAUNCH FOUNDATION THROUGH EXCHANGE OF LETTERS BETWEEN SENIOR TREASURY OFFICIAL (FYI, POSSIBLY TREASURY SECRETARY BLUMENTHAL) AND AMBASSADOR DINITZ, WITH ACTUAL TRANSFER OF FUNDS TO TAKE PLACE IN TEL AVIV ON DAY OF SIGNING. EMBASSY SHOULD INFORM OFFICE OF PROFESSOR YA'ACOV, CHIEF SCIENTIST, MINISTRY OF COMMERCE AND INDUSTRY, AND APPROPRIATE OFFICIALS IN FINANCE MINISTRY OF ARRANGEMENTS FOR LAUNCHING FOUNDATION. ECONOMIC COUNSELOR RAFF OF ISRAEL EMBASSY ALREADY INFORMED OF ARRANGEMENTS. THIS CABLE OUTLINES PROCEDURES FOR MAKING THE USG CONTRIBUTION. END SUMMARY.

1. THE SUPPLEMENTAL APPROPRIATIONS ACT, 1977, (PL 95-26 ), SIGNED BY PRESIDENT CARTER ON MAY 4, 1977, APPROPRIATES "\$30 MILLION, FOR PAYMENT BY THE SECRETARY OF THE TREASURY OF THE EQUIVALENT OF \$30 MILLION IN ISRAELI POUNDS TO BE OBTAINED BY PREPAYMENT OF A PORTION OF ISRAEL'S LOCAL CURRENCY DEBT TO THE UNITED STATES, AS THE UNITED STATES' SHARE OF THE ENDOWMENT OF THE ISRAEL-UNITED STATES BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION..."

2. WE INTEND TO LAUNCH FOUNDATION THROUGH EXCHANGE OF LIMITED OFFICIAL USE

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LETTERS BETWEEN SENIOR TREASURY OFFICIAL (POSSIBLY TREASURY SECRETARY BLUMENTHAL) AND AMBASSADOR DINITZ. WE EXPECT THAT THE EXCHANGE CAN TAKE PLACE VERY SOON. THE LETTERS WILL SPECIFY THE OFFICIAL EXCHANGE RATE THAT WILL BE USED TO DETERMINE THE POUND EQUIVALENT OF \$30 MILLION. THE ACTUAL TRANSFER OF FUNDS WILL TAKE PLACE ON THE SAME DAY, BECAUSE ISRAELI FOREIGN EXCHANGE LAWS REQUIRE THAT ENTIRE TRANSACTION FROM ISRAELI PREPAYMENT TO DEPOSIT IN BANK OF ISRAEL ACCOUNTS A AND B BE CONSUMMATED IN ONE DAY. PURPOSE OF THIS MESSAGE IS TO EXPEDITE MATTERS BY INFORMING YOU OF PROCEDURES WE INTEND TO FOLLOW.

3. UNDER ARTICLE VII OF THE BIRD AGREEMENT, THE ISRAELI PREPAYMENT WILL CONSIST OF TWO PORTIONS. 124,958,269.05 ISRAELI POUNDS WILL REPRESENT PREPAYMENT OF PL-480 DEBTS WITHOUT MAINTENANCE OF VALUE, WHILE APPROXIMATELY 152,042,000 POUNDS WILL REPRESENT PREPAYMENT OF DEBTS WITH MAINTENANCE OF VALUE. THE FIRST OF THESE SUMS WILL SUPPORT A U.S. CONTRIBUTION OF 124,958,269.05 ISRAELI POUNDS TO THE

FOUNDATION, WHICH, ACCORDING TO ARTICLE VII(C)(1), WILL BE DEPOSITED IN ENDOWMENT ACCOUNT A. THE SECOND, ALSO TO BE PAID IN POUNDS, WILL BE CONVERTED BY THE ISRAELIS INTO DOLLARS AFTER THE POUNDS ARE PLACED IN ENDOWMENT ACCOUNT B. ISRAELI PAYMENTS WILL BE DERIVED FROM PREPAYMENT OF AGREED INSTALLMENTS OF SPECIFIC PL-480 LOANS. THE NUMBERS OF THE SPECIFIC PL-480 LOANS, FOUND IN APPENDIX A OF THE BIRD AGREEMENT, ARE LISTED IN PARA. 9. THE ACTUAL AMOUNTS CONTAINED IN EACH LOAN THAT WILL BE PREPAID WILL BE INCLUDED IN THE EXCHANGE OF LETTERS AND IN MESSAGE THAT WILL BE SENT NOTIFYING YOU OF THE EXCHANGE OF LETTERS.

4. FOR TEL AVIV: EMBASSY SHOULD CONFIRM THAT GOI HAS TAKEN ALL NECESSARY LEGAL STEPS TO: (A) ESTABLISH THE FOUNDATION; (B) ESTABLISH ENDOWMENT ACCOUNTS A & B IN THE NAME OF THE FOUNDATION IN THE BANK OF ISRAEL; (C) PREPAY PL-480 DEBTS; AND (D) MAKE THE EQUIVALENT \$30 MILLION LIMITED OFFICIAL USE

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CONTRIBUTIONS OF ITS OWN TO MATCH OUR CONTRIBUTIONS IN ENDOWMENT ACCOUNTS A AND B. PLEASE ADVISE TREASURY AND THE USDO, PARIS ASAP THE ACCOUNT NUMBER FOR EACH ENDOWMENT ACCOUNT REQUIRED FOR TRANSACTION IN PARA. 7. IN ADDITION, EMBASSY SHOULD MAKE CERTAIN THAT BANK OF ISRAEL OFFICIALS ARE AWARE THAT INTEREST ON ENDOWMENT ACCOUNT A WILL BE FOUR PERCENT PER ANNUM ADJUSTED ANNUALLY FOR CHANGES IN ISRAEL'S CONSUMER PRICE INDEX AND THAT ENDOWMENT ACCOUNT B WILL BE IN DOLLARS AND EARN 5-1/2 PERCENT PER ANNUM.

5. FOR TEL AVIV: AMBASSADOR OR HIS DELEGATE IS AUTHORIZED TO RECEIVE ISRAELI POUND PRINCIPAL PREPAYMENT EQUIVALENT TO \$30 MILLION ON BEHALF OF THE USG. PREPAYMENT SHOULD BE DEPOSITED IN USDO ACCOUNT MAINTAINED BY AMERICAN-ISRAEL BANK LTD. IMMEDIATELY UPON RECEIPT, PLEASE ADVISE BY PRIORITY CABLE USDO PARIS AND TREASURY WASHINGTON (PASS GORLIN, OASIA/ODNF) OF SEPARATE POUND AMOUNTS PREPAID UNDER MOV AND NON-MOV LOANS IN ORDER THAT SEPARATE USG PAYMENTS CAN BE MADE TO ENDOWMENT ACCOUNTS A AND B. ALSO INCLUDE EXCHANGE RATE TO BE USED FOR TRANSACTIONS. EMBASSY SHOULD PREPARE APPROPRIATE DOCUMENTATION OF THE COLLECTION ON FS-459 (DEPOSIT OR TRUST FUND RECEIPT AND RECORD) GIVING CREDIT TO SUBCLASS ACCOUNT 20FT404. IN ADDITION, EMBASSY OFFICIAL WILL RECEIVE FROM GOI SEPARATE CHECK, UNRELATED TO FOUNDATION, REPRESENTING INTEREST ACCRUED FROM LAST REPAYMENT INSTALLMENT FOR NON-MOV LOANS THAT ARE BEING ENTIRELY PREPAID. THIS AMOUNT SHOULD BE DEPOSITED IN USDO ACCOUNT (AMERICAN-ISRAEL BANK LTD) GIVING CREDIT TO SUB-

CLASS ACCOUNT 20FT404 FOR USE BY THE USDO ON AN AS-NEEDED

BASIS TO MEET EMBASSY EXPENDITURES. ABOVE INTEREST PAYMENT SHOULD BE SUPPORTED BY SEPARATE FS-459 AND IDENTIFIED AS INTEREST ON PL-480 LOANS.

6. FOR USDO PARIS: PRIOR TO DATE OF EXCHANGE OF LETTERS  
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VOUCHER WILL BE CERTIFIED IN WASHINGTON FOR PAYMENT OF POUNDS EQUIVALENT TO U.S. DOLLARS 30 MILLION IN TWO AMOUNTS (ENDOWMENT A AND B), CHARGING APPROPRIATION ACCOUNT NUMBER 20-11 X 1086. CDO WILL CONFIRM TELEGRAPHICALLY THE PARTICULARS OF THE VOUCHER TO REGIONAL FINANCE AND DATA PROCESSING CENTER (RFDPC). USDO PARIS WILL THUS HAVE AUTHORITY TO DISBURSE U.S. CONTRIBUTION WITHOUT FURTHER INSTRUCTIONS FROM WASHINGTON ON DATE OF EXCHANGE OF LETTERS.

7. FOR USDO PARIS: UPON RECEIPT OF CABLE FROM AMEMBASSY TEL AVIV ON DATE OF PREPAYMENT DESCRIBED IN PARA. 5, USDO PARIS WILL IMMEDIATELY REQUEST A WIRE TRANSFER FROM THE

AMERICAN-ISRAEL BANK LTD. TO THE BANK OF ISRAEL FOR THE ACCOUNT OF THE ISRAEL-U.S. BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION, SPECIFYING ISRAELI POUND AMOUNTS FOR ENDOWMENT ACCOUNTS A AND B RESPECTIVELY.

8. FOR USDO PARIS: CARE SHOULD BE TAKEN TO ASSURE THAT THE POUNDS ARE RECEIVED, SOLD TO FSA (GIVING CREDIT TO CCC), AND DISBURSED AT AGREED RATE OF EXCHANGE. THERE SHOULD BE NO GAIN OR LOSS BY EXCHANGE ON THE ENTIRE TRANSACTION.

9. FOLLOWING IS A LIST OF PL-480 LOANS FROM WHICH PREPAYMENTS WILL BE DRAWN:

A. WITHOUT MAINTENANCE OF VALUE:

271-G-043	271-G-073B
271-G-046	271-G-073C
271-G-058	271-G-097
271-G-064	271-G-106
271-G-065	271-G-119
271-G-073A	271-G-130

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(NOTE: LOAN NO. 271-G-103, LISTED IN APPENDIX A OF

AGREEMENT, WILL NOT REPEAT NOT BE REPAYED)

B. WITH MAINTENANCE OF VALUE:

271-D-006	271-G-010
271-G-003	271-G-012
271-G-004	271-G-015
271-G-007	271-G-026
271-G-009	

10. WE WILL INFORM YOU OF DATE OF EXCHANGE OF LETTERS AS  
SOON AS AGREED UPON. VANCE

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FUND ALLOTMENT, INDUSTRY, RESEARCH, DEVELOPMENT PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 04-May-1977 12:00:00 am  
**Decapton Date:** 01-Jan-1960 12:00:00 am  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** OASIA/ODNF:JGORLIN;TREAS:OGC:RGOODMAN  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** 14408c9a-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Review Release Event:** n/a  
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**SAS ID:** 2638610  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** U.S. CONTRIBUTION TO ISRAEL-U.S. BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION TEL AVIV, PASS SCIENCE ATTACHE AND ECONOMIC COUNSE  
**TAGS:** OSCI, TECH, AFIN, IS, US, BIRD  
**To:** TEL AVIV PARIS  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/14408c9a-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009